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AUTHOR Hayden, Rose L.
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ABSTRACT

The government role in internationalizing business education in the United States is minimal for several reasons: the limited federal role in public education curriculum, limited government-industry collaboration at state and local levels, little effort to standardize the international dimension of college business administration programs, and government parochialism. Some private and publicly funded programs show promise, especially Title VI of the Higher Education Act supporting international business and education projects and promoting university-industry linkages. These programs need to train managers for international business who will have several characteristics: good grounding in general business principles and practices, foreign language facility, intercultural training, detailed knowledge of at least one world region in addition to knowledge of the particular country where one conducts business, mastery of international marketing case studies, and the ingenuity to grasp the essential details of product design and function in a constantly changing technological world. Today U.S. investment abroad is in excess of $300 billion; more than 6,000 companies have some form of operation abroad, and approximately one-third of all U.S. corporate profits come from international activities. Yet, Americans have been conditioned or trained to believe that an awareness of the world beyond U.S. borders is not very important. The National Council on Foreign Language and International Studies, funded by private foundations, is working to build U.S. competence in world affairs through improved foreign language and international education programs at all levels. (MSE)

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HELP WANTED: MORE COSMOPOLITAN MANAGERS

Rose L. Hayden, President

NATIONAL COUNCIL ON FOREIGN LANGUAGE AND INTERNATIONAL STUDIES

As the outset, let me apologize for my inability to present my thoughts to you in French, rather than in English. Coming as I do from the United States, which is the fifth-largest Spanish-speaking country in the world, my own fluency in Spanish (also in Portuguese) is not of much assistance to me with this audience. However, I did want to assure you that I am sensitive to what is often rightly considered to be America's overall linguistic chauvinism. In fact, one of our not-too-enlightened citizens supposedly remarked that if English was good enough for Jesus Christ, it was good enough for him!

It is a special pleasure to be here, and as the final plenary speaker, I am particularly mindful to the fact that you are anticipating the cocktail party scheduled after this session. Therefore, I shall attempt to be brief, and thank you all once again for your very special attention and hospitality to me and to my American colleagues.

Your conference planners have asked me to focus a bit on the U.S. Government and official agencies' role in internationalizing business studies. Unfortunately for America's economic future, I can present my findings in one short phrase: our official agencies do virtually nothing. Fini.

Now, such a stark assessment may be a bit shocking to a European audience, so let me now furnish some background information to provide a more adequate context for such a blunt assertion. As many of you know, America's educational

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system is highly decentralized. Our Constitution stipulates that education is the responsibility of the states. In turn, local education authorities--over 16,000 in number--set major educational policies in accordance with overall general state-level regulations and practices. Our curriculum, therefore, is not at all uniform, and our federal government, except in civil rights cases, can not interfere with local decision-making. Finally, most funding for our schools is also locally provided. Whereas the federal government does have a financial role in the form of $500 million in block grant aid to the States, it cannot order nor even suggest how these recycled funds can be employed.

If the U.S. Department of Education cannot mandate educational behavior, it is certain that the Department of the Treasury, the Department of Commerce, the Small Business Administration and other federal agencies dare not intervene either.

At the state and local level, there are generally departments or agencies concerned with promoting trade and industry, as well as state and local authorities concerned with education. Unfortunately, it is exceptionally rare that these agencies collaborate functionally and financially to improve America's export performance. Any links which do strongly exist are generally in the private sector, between U.S. businesses and U.S. business schools. Even here, the demand for internationally competent MBAs is so slight that the vast majority of our business school graduates enter their careers with their parochialisms untouched by any meaningful entry or exit requirements on the part of their business school mentors.

Although the American Assembly of Collegiate Schools of Business does require undergraduate business and MBA programs to possess an international dimension in order to meet accreditation standards, very little has been done to honor this seriously. A 1984 survey sponsored by the National Council on Foreign Language and International Studies revealed that only 17% of those persons receiving PHDs or DBAs in Business Administration had enrolled in one or more courses emphasizing international content. You cannot expect the curriculum to be cosmopolitan if the faculty teaching our 50,000 MBA graduates annually are untutored themselves. This situation can truly be characterized as the bland leading the bland.

As is true of any human situation, there are hopeful signs, such as the establishment of the Lauder Institute at the Wharton School, the creation of the highly successful Foreign Language and International Trade Program at Eastern Michigan University, the Masters in International Business Studies at the University of South Carolina, and so on. There is even one very small but creative program sponsored by the federal government.

Part B, Title VI of the Higher Education Act provides roughly $2 million per year, with various degrees of matching of funds and services required locally, to support international business/international education projects designed to promote the development of linkages between U.S. institutions of higher education and the U.S. business community.

Congress based its rationale on the fact that: "(I) the future economic welfare of the United States will depend on increasing international skills in the business community and creating an awareness among the American public of the interationalization of our economy; (2) concerted efforts are necessary to engage business schools, language and area study programs, public and private sector organizations, and United States business in a mutually productive relationship; (3) few linkages presently exist between the manpower and information needs of the United States business community and the international education capacities and resources of institutions of higher education and public and private organizations; and (4) organizations such as chambers of commerce, world trade councils and state-level departments of commerce are not adequately used to linking universities and business for joint program development."

The legislation supports activities in nine categories which can be conducted by institutions of higher education under Part B, Section 612:

(1) Innovation and improvement in international education curricula to serve the needs of the business community, including development of new programs for nontraditional, mid-career, or part-time students;

(2) development of programs to inform the public of increasing international economic interdependence and the role of American business within the international and economic system;

(3) internationalization of curricula at the junior and community college level, and at undergraduate and graduate schools of business;

(4) development of area studies programs and interdisciplinary international programs;

(5) establishment of export education programs through cooperative arrangements with regional and world trade centers and councils, and with bilateral and multilateral trade associations;

(6) research for and development of specialized teaching materials, including language materials, and facilities appropriate to business-oriented students;

(7) establishment of student and faculty fellowships and internships for training and education in international business activities;

(8) development of opportunities for junior business and other professional school faculty to acquire or strengthen international skills and perspectives; and

(9) development of research programs on issues of common interest to institutions of higher education and private sector organizations and associations engaged in or promoting international economic activity.

For FY 84, $2 million was granted to support 37 projects across the country. Program activity is widely varied, as is the nature and type of higher education institutions receiving the funds. Sample project objectives reflected in project titles include developing an "Interamerican Business Research and Development Project" (Univeristy of Florida); establishing a "Customized Training Program for Export Education and Development" (Bradley University); setting up an "International Economics Education Program for West Coast High Technology Business" (University of California-Berkley); developing an "Export Simulation Model" (Georgetown University); implementing a "Graduate Management International Summer Internship Program" (Northwestern University); designing a program to develop "Competence in Trade/Business Relations with China/East Asia and Southeast Asia" (University of Massachusetts); undertaking "Research and Curriculum Development in Cross-Cultural Negotiations for Use in Trade Situations" (San Diego State University); writing related to an "International Case Study Project" (University of Minnesota); and "Promoting International Business for Small and Medium Size Firms" (St. Cloud State University).

Facing as the United States now does a $155 billion trade deficit, you would think that the debate surrounding this issue would include more aggressive training and recruiting of persons with international as well as business skills. This, unfortunately, is not the case overall. America's parochialism continues to hamper our international business performance, as this anecdote describes so well.

Supposedly, an American businessman was sent to Lima, Peru, after many years of very high-level negotiation for a multi-million dollar extractive industry contract signing. This gentleman went to Peru and, as you would expect any of you who have been in Latin America, the night before the official signing of the contract, there was a wonderful reception and a cocktail party. Well, this gentleman proceeded to drink a rather inmoderate quantity of something called a "Pisco Sour." Now, a Pisco Sour is a bit like a nuclear martini--it goes down easy. Soon our man was feeling no pain whatsoever. Then the band began to play a beautiful song, and our friend spied this gorgeous creature in a long, red, velvet gown across the room. He stumbled up to her and asked "Madam, may I have this waltz?" The answer was this: "Sir, you are rather drunk. Furthermore, this is <u>not</u> a waltz, this happens to be the Peruvian National Anthem. Also, I am the Archbishop of Lima!"

Just what are the skills that all of us are trying to provide in the name of educating more cosmopolitan managers? According to Joel Honigberg of the Marshall Trading Company in Chicago, six major components are required of any "geotrader," as he terms such persons.

- The person must be well-grounded in the general principles and practices of business. Our business schools certainly do attend to this one rather successfully.

- The individual should possess a foreign language facility in order to deal with overseas buyers on a person-to-person basis in their local tongue. Easier said than done, if that local tongue does not happen to be Spanish, or French, or German but one of those other world languages that 4 out of 5 people in the world speak.

- The person should experience intercultural training, which reveals the close identity between traditions and social mores, particularly as these relate to foreign business customs. I do believe that this is an area that is beginning to develop in the United States but where we could, perhaps in league with you here in Europe, do a much more effective job.

- The individual requires area studies. No matter how generic you want to get about economic and social systems, one needs much more detailed knowledge of a least one world region, let alone the particular country where one may be conducting business.

- One should have mastered international marketing case studies, so that sensitivity to foreign market requirements is increased. Here I see a wonderful opportunity for joint curriculum development of case materials written in a comparative perspective.

- Finally, one should possess the ingenuity to grasp the essential details of product design and function in a constantly changing technological world.

As foreign language and international business studies professionals, we find ourselves in the position of the canary in the coal mine, whose job it is to warn of impending dangers by laying down its life when the level of dangerous gases reaches an explosive point. We do not find ourselves in any mortal danger, but we in the United States who are concerned about our nation's political and economic future do have to sing loudly so as to affect the climate of opinion. Even a recent Presidential Commission Report on Global Competitiveness did not mention <u>once</u> America's need for more cosmopolitan managers and salespersons. Noting that the U.S. share of the world market is declining steadily, the report recommended that we alter our antitrust laws in the United States; reform taxes; create a Cabinet-level Department of Science and Technology; and consolidate all trade-related functions in government in support of a new Department of Trade. That is a bit like re-arranging the deck chairs on the Titanic. If you lack the international sensitivity and

skills to begin with, all the structural tinkering in the world means nothing. To repeat: there is not one phrase, not one sentence, not one allusion in the entire Presidential Commission Report on U.S. Global Competitiveness that mentions foreign language, international studies, or cross-cultural skills as an aspect of global competitiveness.

Most Americans are not truly arrogant or malicious when it comes to their concept of other peoples and cultures. Rather, their parochialism is a cultural habit which is becoming more and more dysfunctional. As a people, Americans deserve to win the Elizabeth Peabody Award. Supposedly, Elizabeth Peabody walked right into a tree and exclaimed: "I saw it, but I did not realize it."

Americans are beginning to see global realities, but adjusting behavior to deal with these, let alone revamping education at all levels will take some doing. Although one out of three acres of U.S. farmland produces directly for export, and four out of five new jobs in the manufacturing sector are dependent on foreign trade, a recent Poper Poll revealed that 49% of the Americans they surveyed believed that foreign trade was either harmful or irrelevant to the U.S. economy.

When half our people cannot even correctly perceive the importance of international commerce, we have on our hands an enormous political and educational battle. When our high school and college graduates cannot locate

Japan, France, or El Salvador on a map--and according to recent articles significant percentages of students could not--then we are simply not providing an education worthy of the name. In fact, if we made it illegal for the U.S. government to become engaged in any covert or overt act of war in any country in the world that a majority of Americans could not find on a map, we would never have to fear for peace again!

In a way, this should not be so surprising. As far as the United States was concerned, the contribution made by foreign trade to this country's burgeoning GNP was negligible. To be sure, the waning years of the last century firmly established the legend of the shrewd Yankee trader who sailed his clipper ships to exotic ports in the pursuit of commerce. But, by and large, the United States looked to its own internal markets for growth. A steady increase in the level of international trade assured that foreign commerce was not a major political or economic concern, as evidenced by the fact that, from 1893 to 1971, this country experienced an unbroken string of trade surpluses, comfortably exporting more than we imported. The concern for our negative trade balance and our share of the world export market, which is now a serious national issue, is thus a relatively recent phenomenon.

The end of our comparative isolation materialized shortly after World War II when significant amounts of American capital began moving abroad. It is a flow that has accelerated over the years. Today, U.S. investment abroad is in excess of $300 billion. Our 13 largest banks derive almost half their total earnings from overseas credit. More than 6,000 U.S. companies have some form of operation abroad, and approximately one-third of all U.S. corporate profits come from international activities.

We are also increasingly aware that international trade is a two-way street. Investment by foreigners in the United States is currently estimated at about $250 billion. Recent Fortune 500 lists show that at least half of our leading corporations are foreign-based and owned. In addition to investing in our industries, foreigners sell us vast amounts of raw materials, semi-finished products, and manufactured goods. In 1960, the value of imported goods and services stood at just under $24 billion, or 4.6 of our GNP. Today, this figure has increased to nearly $350 billion, or more than 13 percent of GNP. One could continue this litany of statistics, but it would serve only to emphasize one basic fact: the economic well-being of the United States is inextricably linked to the world economy. Unfortunately, as mentioned, it is a fact that far too few of our citizens fully understand.

On the surface, it would appear that all is well. The United States, with an annual output of about $3 trillion, accounts for about a quarter of the worlds's GNP. In 1960, when we were the world's largest exporter of manufactured goods, we held 25 percent of the world market, almost exactly our contribution to the global GNP. Today, however, our share of the world's $2 trillion export market is down to approximately 10 percent, and we have been replaced by Germany and Japan as the leaders in world manufactured exports.

Many factors have contributed to our slippage -- the cost of imported crude oil, an aging industrial plant, high interest rates, and the strength of the dollar among them. But of all the factors, one stands out unmistakably. Relatively few American businessmen understand the culture, the customs, or even the language of the foreign buyer. We are, to put it quite simply, a people who have not been conditioned or trained to believe that an awareness of the world beyond our borders is all that important. As a result, America's competitive edge is often lost in the tough realities of international buying and selling.

The facts speak for themselves. Only 250 of America's business firms account for over 80 percent of our more than $350 billion export volume. Such a lopsided ratio suggests that there are hundreds of thousands of smaller-and medium-sized companies reluctant to venture into foreign markets.

Often when American firms have ventured abroad to sell their goods, they have made some costly blunders. The Chevrolet "Nova" did not sell in Latin American. When spoken, "No va" means "it doesn't go" in Spanish. "Body by Fisher" was translated in Flemish as "Corpse by Fisher." Schweppes Tonic Water was advertised in Italy as "bathroom water," and "Come alive -

with Pepsi" nearly appeared in China as "Pepsi Brings Your Ancestors Back from the Grave." All of you here know why Cue Toothpaste was not a best-selling brand.

Every country in the world, particularly democratic nations, require an educational system that provides: (1) a cadre of persons truly knowledgeable about other peoples and cultures; (2) professionals in business and government capable of conducting successful international negotiations; (3) scientists and technicians able to share and extend knowledge on a global basis and in the human interest; (4) citizens capable of supporting or questioning their own government's international policies; and (5) individuals enriched by the arts and humanities developed over centuries by the family of humankind.

Established in 1980 upon the recommendation of a Presidential Commission, the National Council on Foreign Language and International Studies was created to assist in the task of building American competence in world affairs via improved foreign language and international education programs at all levels. With only 3 percent of our high school graduates fluent in a language other than English, let alone capable of understanding today's international headlines, we are never at a loss for things to do.

The National Council is funded by major private foundations, and has a high-powered Board of Directors composed of representatives drawn from business, government, and education. Current projects include developing student

town meetings on foreign affairs issues; preparing global education content for teacher training courses; utilizing computers in simulating transnational negotiations in business and diplomacy; and shaping a new federal structure in support of international education programs.

To conclude, despite the exceptional programs you have heard about from some American colleagues at this conference, I am afraid I must make the following observations about business education and practice in my country:

1. American business education is highly parochial, with some international perspectives and courses open to the curious and lucky few.

2. American business school faculty generally lack the skills and materials to teach the international perspectives of their disciplines.

3. There is no strong demand from the business sector to hire internationally as well as business-competent graduates.

4. Initiatives to internationalize our business schools must come from these schools and students themselves, with little direct financial support from official agencies or from business itself.

America's corporations, plus federal and state agencies could assist our educational institutions and students by facilitating and funding internships for business students overseas, by giving fellowships to business faculty to develop skills and materials, by funding workshops to familiarize corporate recruiters with a broader range of skills and by financing international dialogues such as this one.

* * *

No one has a monopoly in this world on educating their children about the rest of the world. The Swedes are not born speaking English and French and German. People are small town animals wherever they are born. All of us make mistakes with whatever languages we try to use. Therefore, we just have to keep trying to learn and use them. I was in a Turkish hotel, for example, and saw a flyer which said: "Come to our restaurant and try the Middle-Eastern cuisine--you can dine in an European ambulance." I think they meant "ambience." In Rome, a sign in front of a doctor's office read: "Specialist in women and other diseases." Maybe this accounts for the fact that of fourteen plenary speakers at this conference, only two were women and both were Americans. And finally, my favorite example of the hazards of language. A colleague named Eleanor Jorden was traveling to Tokyo on business.

> When she arrived at her hotel after a long journey and suffering from jet lag, she called the front desk to make sure she had what we refer to as a wake-up call for the next morning. The call did come, on schedule, with a sweet little Japanese voice at the other end which intoned: "Dr. Jorden, your time has come!"

And so has mine. Once again, thank you for your kind attention and for all you have done to make this such an enjoyable experience for me and my American colleagues.